

# STAFFORD COUNTY SCHOOL BOARD

## Agenda Consideration

**TOPIC:** FY 2004 Second Financial Review

**ITEM NO.:** 10A

**PREPARED BY:** H. Charles Woodruff, II  
Assistant Superintendent  
of Financial Services

**MEETING:** April 27, 2004  
**ACTION DATE:** May 11, 2004

Patty Sullivan, Director of Budgeting and Grants

Jill Hubbard, Director of Finance and Accounting

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**ACTION REQUESTED BY THE SUPERINTENDENT:** That the School Board approve the FY 2004 Second Financial Review.

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### KEY POINTS:

#### School Operating Fund

- Projected expenditure savings result in \$3,118,011 in available funds for FY 2004.

#### Central Garage Fund

- The increase in expenditures of \$205,000 is due to maintenance of county fire and rescue vehicles. This requires the school board's and the board of supervisors' approval to increase the expenditure authority in this fund. Upon approval by the board of supervisors the funding will be provided through the county's fire and rescue department.

#### School Construction Fund

- Staff recommends establishing a School Construction Fund Reserve.

#### School Health Benefits Fund

- This fund continues to be fiscally sound.

#### School Nutrition Fund

- Expenditures are lower than projected resulting in funds being available for one-time capital purchases.

**SCHOOL BOARD GOAL 4:** Address the impact of continuing population growth by developing plans to address expanding staff, facilities, transportation, attendance zones, and instruction.

**SCHOOL BOARD GOAL 8:** Provide School Board leadership in advocating for adequate funding in support of Stafford County Public Schools.

**FUNDING SOURCE:** Existing allocations (does not require additional local funds).

### AUTHORIZATION REFERENCE:

**STAFFORD COUNTY PUBLIC SCHOOLS  
FY 2004 SECOND FINANCIAL REVIEW**

**School Operating Fund**

**I. REVENUE ADJUSTMENTS**

<b>A. Budget as of First Financial Review - October 31, 2003</b>	\$ 180,701,008
<b>B. State, Federal, and Other Revenue</b> Changes in state revenue include an increase of \$151,523 in sales tax, \$216,023 in basic aid increases for an additional 60 students, and reductions in the PACE, Career and Technology Education, and PASSPORT programs. Although basic aid increases with the inclusion of additional students the school division continues to be 459 students below original ADM projections.	\$ (488,979)
<b>C. Mellon Signing Bonus</b> This recognizes the \$25,000 signing bonus from Mellon associated with the credit card program for the school division.	\$ 25,000
<b>D. E-Surplus</b> This increase in surplus sales of equipment is due to the innovative use of E-Surplus to sell, by high bid, the school division's surplus assets.	\$ 11,194
<b>E. Health Insurance Reserve</b> The self-insurance reserve fund maintained in a local government investment pool account was appropriated so that it could be transferred to the Health Insurance Fund.	<u>\$ 3,296,607</u>
<b>F. Revenue Budget</b>	<u>\$ 183,544,830</u>

**II. EXPENDITURE ADJUSTMENTS**

<b>A. Budget as of First Financial Review ~ October 31, 2003</b>	\$ 180,701,008
<b>B. Salary Lapse Projected</b> This contract salary savings is due to filling positions at lower levels than originally budgeted, the delay in filling some open positions, and not filling positions attributed to the lower than projected student enrollment.	\$ (3,380,720)
<b>C. Anticipated Savings in Utilities</b> This utilities' savings is due to mild winter conditions resulting in less electricity used, rainy conditions resulting in less required watering of fields, and vigilant monitoring of HVAC system controls in all school facilities.	\$ (1,167,763)
<b>D. Increase in the Emergency Contingency Reserve*</b>	\$ 934,241
a. To replace main electrical breaker at Brooke Point High School.	\$ 30,946
b. Adopt-A-Classroom cost.	<u>\$ 12,500</u>

New Emergency Contingency Reserve total is \$2,009,007 or 1% of the school operating fund expenditures.
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\* Per Code of Virginia § 15.2-2505. Any locality may include in its budget a reasonable reserve for contingencies and capital improvements.

<b>E. Subtotal - Expenditure Budget</b>	\$ 177,130,212
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**STAFFORD COUNTY PUBLIC SCHOOLS  
FY 2004 SECOND FINANCIAL REVIEW**

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**School Operating Fund**

<b>III. TRANSFERS OUT</b>
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<b>F. <i>Transfer to Health Insurance Fund (see revenue description)</i></b>	\$ 3,296,607
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<b>G. <i>Total - Expenditure Budget</i></b>	<u>\$ 180,426,819</u>
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<b>IV. SCHOOL OPERATING FUNDS AVAILABLE</b>	<b>\$ 3,118,011</b>
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**H. *Recommended Use of Available Funds:***

<b>a. Textbooks</b>	\$ 500,000
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This increase will allow the purchasing of textbooks and some workbooks for FY 2005.

<b>b. Bleacher Safety Issues</b>	\$ 165,000
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Due to bleacher safety issues addressed by the school division's insurance carrier the following schools have bleachers that must be repaired: BPHS (\$18,000); DMS (\$9,000); AGW (\$16,000); NSHS (\$113,000); GMC (\$9,000).

<b>c. Additional Lockers</b>	\$ 16,000
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Due to a delivery error by J.H. Pence Company, 123 lockers can be purchased at a reduced price--**now**--for Stafford High School to accommodate growth.

<b>d. Video Recording Equipment for Buses (25)</b>	\$ 20,000
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To significantly reduce behavioral problems on school buses it is necessary to install continuous taping cameras on the division's older school buses. New buses are purchased with the taping systems, but the older buses are without permanent cameras.

<b>e. Funding for One-Time Purchases</b>	\$ 2,417,011
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It is recommended that this funding be used to partially offset the \$2.8 million in one-time costs requested from the County's fund balance. As a result the FY 2005 School Board request for \$2.8 million can be reduced to \$.4 million. The \$1,700,000 for startup materials for Brent Elementary, Elementary 2005, and High School 2005 will be expended in FY 2004 with \$717,011 held pending finalization of the FY 2005 budget.

# SCHOOL OPERATING FUND STATEMENT

	FY 2004 First <u>Financial Review</u>	FY 2004 Second <u>Financial Review</u>	<u>Variance</u>
BEGINNING BALANCE, July 1			
Purchase Orders	\$ 4,729,018	\$ 4,729,018	\$ -
Unencumbered carryover	1,576,938	1,576,938	-
Grants carryover	51,714	51,714	-
Other funds carryover	10,000	10,000	-
Health Reserve carryover	-	3,296,607	3,296,607
Federal Funds carryover	211,818	211,818	-
Total Beginning Balance	<u>6,579,488</u>	<u>9,876,095</u>	<u>3,296,607</u>
RECEIPTS:			
Sales Tax	15,871,503	16,023,026	151,523
State Funds	75,384,239	75,608,762	224,523
Federal Funds	8,550,562	9,054,078	503,516
Tuition, Fees, and Other	1,110,987.00	1,024,370	(86,617)
Grants contingency	1,660,598	414,868	(1,245,730)
Total Receipts	<u>102,577,889</u>	<u>102,125,104</u>	<u>(452,785)</u>
TRANSFERS IN:			
County General Fund			
Operating Transfer	71,543,631	71,543,631	-
Proffers	-	-	-
School Construction Fund	-	-	-
Other School Funds	-	-	-
Total Transfers in	<u>71,543,631</u>	<u>71,543,631</u>	<u>-</u>
Total Receipts & Transfers	174,121,520	173,668,735	(452,785)
Total Funds Available	<u>180,701,008</u>	<u>183,544,830</u>	<u>2,843,822</u>
EXPENDITURES:			
Operating Expenditures	166,489,065	166,347,769	141,296
Debt Service	253,481	253,481	-
Contingency for Emergency Purchases	1,074,766	2,009,007	(934,241)
Contingency for Grants	1,660,598	414,868	1,245,730
Total Expenditures	<u>169,477,910</u>	<u>169,025,125</u>	<u>452,785</u>
TRANSFERS OUT:			
School Health Insurance Fund	<u>11,223,098</u>	<u>14,519,705</u>	<u>(3,296,607)</u>
Total Disbursements	<u>180,701,008</u>	<u>183,544,830</u>	<u>(2,843,822)</u>
ENDING BALANCE, June 30	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>

**STAFFORD COUNTY PUBLIC SCHOOLS  
FY 2004 SECOND FINANCIAL REVIEW  
OTHER FUNDS**

**CENTRAL GARAGE FUND**

The current budget for the Central Garage was developed before the impact of expanding operations to include fire and rescue vehicle maintenance had been determined. In order to continue servicing these vehicles in the current fiscal year, the budgets for replacement parts and outside services (i.e., towing and major engine and transmission overhauls, etc.) must be increased by \$175,000 and \$30,000, respectively. A budget increase is also needed for the \$112,107 adjustment delineated in the First Financial Review for FY 2004.

**SCHOOL CONSTRUCTION FUND**

A Construction Fund Reserve Account has been established to fund change orders and reduce borrowing requirements. This account is composed of amounts transferred from other projects that came in under budget, interest earnings on bond proceeds, developer proffers, and premium on bonds. (Bond premium is an amount added to the face value of bonds at the time of sale to bring their value up to the current market value.)

**School Construction Fund Reserve**

**Transfers In**

Kate Waller Barrett Elementary (came in under budget)	\$ 433,500	
T. Benton Gayle Middle School (came in under budget)	948,631	
Proffers	86,307	
Interest earnings	148,635	
Bond premium - VPSA 2003B	<u>1,932,810</u>	
<b>Subtotal Transfers In</b>	<b>3,549,883</b>	

**Transfers Out**

Stafford High School Renovation	(95,995)	❖
North Stafford High School Renovation	(792,055)	❖
New Middle School South, 2006	(641,040)	❖
New Middle School, North 2006	<u>(60,000)</u>	❖
<b>Subtotal Transfers Out</b>	<b>(1,589,090)</b>	

<b>Balance, March 31, 2004</b>	<b><u>\$ 1,960,792</u></b>
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Total project estimates remain unchanged; these amounts reduce the VPSA bond requirement.

The increase in the ending balance of the Construction Fund is due primarily to revised project expenditure estimates for the current fiscal year. Cost reductions associated with the two middle schools, whose openings have been deferred to FY 2006, were offset by reductions in borrowing. However, more than half of the cost of the PPEA projects was financed in the fall, based on advice provided by financial consultants, and less than half of this funding will have been spent by year-end.

### **SCHOOL HEALTH BENEFITS FUND**

The School Health Benefits Fund continues to be fiscally sound. The increase reflected in the estimated ending balance is the result of several factors, but is primarily due to the following: a reduction in the estimated liability for Incurred but not Received Claims (IBNR) as of June 30, 2004 based on Anthem projections, and a reduction in the total claims paid by Anthem on behalf of the School Board.

### **SCHOOL NUTRITION SERVICES FUND**

There have been no significant changes in the School Nutrition Services Fund. To date, revenues are on target while expenditures have been somewhat lower than projected.

# CENTRAL GARAGE FUND STATEMENT

	FY 2004 First <u>Financial Review</u>	FY 2004 Second <u>Financial Review</u>	<u>Variance</u>
BEGINNING BALANCE, July 1	\$ -	\$ -	\$ -
RECEIPTS:			
Charges to General Fund	612,360	817,360	205,000
Charges to Utilities Fund	118,586	118,586	-
Charges to School Operating Fund	<u>1,396,418</u>	<u>1,396,418</u>	<u>-</u>
Total Receipts	2,127,364	2,332,364	205,000
 Total Funds Available	 2,127,364	 2,332,364	 205,000
EXPENDITURES:	<u>2,019,894</u>	<u>2,224,894</u>	<u>(205,000)</u>
Total Expenditures	2,019,894	2,224,894	(205,000)
TRANSFERS OUT:			
School Health Insurance Fund	<u>107,470</u>	<u>107,470</u>	<u>-</u>
Total Transfers Out	107,470	107,470	
 Total Disbursements	 2,127,364	 2,332,364	 (205,000)
ENDING BALANCE, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## SCHOOL CONSTRUCTION FUND STATEMENT

	FY 2004 First <u>Financial Review</u>	FY 2004 Second <u>Financial Review</u>	<u>Variance</u>
BEGINNING BALANCE, July 1	\$ 8,555,538	\$ 8,555,538	\$ -
RECEIPTS:			
Literary Fund Loan	-	-	-
Literary Fund Subsidy	<u>228,049</u>	<u>1,095,320</u>	<u>867,271</u>
Total Receipts	228,049	1,095,320	867,271
TRANSFERS IN:			
General Fund			
Bonds	71,690,732	68,369,768	(3,320,964)
Bond Premium	2,285,236	2,285,236	-
Interest Earnings - Bonds	220,000	220,000	-
Proffers	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Transfers In	74,345,968	71,025,004	(3,320,964)
Total Funds Available	83,129,555	80,675,862	(2,453,693)
EXPENDITURES:			
Elementary School 2004	13,197,229	12,412,839	(784,390)
Elementary School 2005	6,948,010	1,000,000	(5,948,010)
High School 2005	15,829,867	7,025,000	(8,804,867)
Middle School South 2006	2,705,175	1,102,858	(1,602,317)
Middle School North 2006	2,705,175	1,000,000	(1,705,175)
High School 2006	-	-	-
North Stafford High Renovation	4,065,388	4,065,388	-
Stafford High School Renovation	44,016	44,016	-
Sidewalks and Trails	171,701	171,701	-
Gayle Middle School	273,331	71,214	(202,117)
Colonial Forge High Addition	246,506	246,506	-
Barrett Elementary School	774,898	489,904	(284,994)
Reserve	<u>-</u>	<u>1,960,792</u>	<u>1,960,792</u>
Total Expenditures	46,961,296	29,590,218	(17,371,078)
TRANSFERS OUT:			
School Health Insurance Fund	8,709	10,122	1,413
School Operating Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers Out	8,709	10,122	1,413
Total Disbursements	46,970,005	29,600,340	(17,369,665)
ENDING BALANCE, June 30	<u>\$ 36,159,550</u>	<u>\$ 51,075,522</u>	<u>\$ 14,915,972</u>



## SCHOOL HEALTH BENEFITS FUND STATEMENT

	FY 2004 First <u>Financial Review</u>	FY 2004 Second <u>Financial Review</u>	<u>Variance</u>
BEGINNING BALANCE, July 1		\$ -	\$ -
RECEIPTS:			
Employee Contributions	2,420,003	2,394,433	(25,570)
Retiree/COBRA Contributions	966,872	962,647	(4,225)
Interest Income	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total Receipts	3,412,875	3,383,080	(29,795)
TRANSFERS IN:			
Employer Contributions			
Current Health Insurance Plan			
School Operating Fund	11,214,387	10,211,967	(1,002,420)
Central Garage Fund	105,975	105,975	-
School Nutrition Services Fund	284,175	284,175	-
School Construction Fund	9,185	9,185	-
Retiree Health Insurance Credit - State			
School Operating Fund	853,174	853,174	-
Central Garage Fund	1,495	1,495	-
School Nutrition Services Fund	1,500	1,500	-
School Construction Fund	937	937	-
SCPS Retiree Health Ins Credit			
School Operating Fund	158,193	194,006	35,813
LGIP Investment Account	3,405,000	3,296,607	(108,393)
Health Insurance Trust Fund	<u>400,000</u>	<u>386,176</u>	<u>(13,824)</u>
	16,434,021	15,345,197	(1,088,824)
Total Receipts & Transfers	19,846,896	18,728,277	(1,118,619)
Total Funds Available	19,846,896	18,728,277	(1,118,619)
EXPENDITURES/PAYMENTS:			
Payments to Anthem for Health Benefits	12,254,972	12,025,652	229,320
Payments to Anthem not used for Claims		(480,000)	480,000
Health Premiums Paid - HMC Products	10,926	10,926	-
\$100,000 Specific Stop Loss Premium	585,509	585,509	-
Claims Incurred but not Reported (IBNR)*	2,424,424	2,240,426	183,998
IBNR Prior Year Credit*	(1,557,070)	(2,331,000)	773,930
Health Administrative Expenses-Anthem	641,686	641,686	-
Health Administrative Expenses-SCPS	103,263	103,263	-
Retiree Health Insurance Credit	852,938	857,106	(4,168)
SCPS Retiree Health Benefit	<u>158,193</u>	<u>158,193</u>	<u>-</u>
Total Expenditures	15,474,841	13,811,761	1,663,080
ENDING BALANCE, June 30	<u>\$ 4,372,055</u>	<u>\$ 4,916,516</u>	<u>\$ 544,461</u>

\*Includes Claims Fluctuation Reserve

# SCHOOL NUTRITION SERVICES FUND STATEMENT

	FY 2004 First <u>Financial Review</u>	FY 2004 Second <u>Financial Review</u>	<u>Variance</u>
BEGINNING BALANCE, July 1	\$ 815,446	\$ 815,446	\$ -
RECEIPTS:			
Food Sales	5,365,449	5,365,449	-
Federal Aid	1,649,843	1,649,843	-
State Aid	122,641	122,641	-
Other Revenue	<u>25,000</u>	<u>25,000</u>	-
Total Receipts	7,162,933	7,162,933	-
 Total Funds Available	 7,978,379	 7,978,379	 -
 EXPENDITURES:	 <u>7,014,238</u>	 <u>6,918,506</u>	 <u>95,732</u>
Total Expenditures	7,014,238	6,918,506	95,732
TRANSFERS OUT:			
School Health Insurance Fund	<u>285,675</u>	<u>285,675</u>	<u>-</u>
Total Transfers Out	285,675	285,675	-
 Total Disbursements	 7,299,913	 7,204,181	 95,732
ENDING BALANCE, June 30	<u><u>\$ 678,466</u></u>	<u><u>\$ 774,198</u></u>	<u><u>\$ 95,732</u></u>

**STAFFORD COUNTY PUBLIC SCHOOLS  
FY 2004 SECOND FINANCIAL REVIEW  
GRANTS DEPARTMENT UPDATE**

During the current fiscal year, the following grant applications have been submitted:

- Teammates for Kids (Special Education Summer Camp),
- Arts Curriculum Development Grant,
- Carol M. White Physical Education Program,
- Dollar General – Back to School Grants (Head Start Family Literacy), and
- Target (Special Education Early Reading Intervention).

No responses have been received to date.

Guidelines are being established to provide employees an understanding of the grant process. The grant process will be outlined to include the responsibilities of the Grant Specialist, training and technical assistance, planning, and proposal writing basics. During the life cycle of the grant, accounting assistance will be provided.